Foreign Agricultural Service
GAIN Report
Global Agriculture Information Network

Voluntary Report - public distribution
Date: 9/5/2002
GAIN Report #LE2001

Lebanon

Grain and Feed

Update

2002

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Report Highlights:
Lebanon imports most of its wheat consumption which is approximately 400,000 MT to 450,000 MT per year. Local production is estimated at 60,000 MT per year. Government control on wheat imports via import licensing is expected to continue. The private sector is expected to import approximately 80,000 MT of barley, 300,000 MT of corn, and 50,000 MT of rice.

Includes PSD changes: Yes
Includes Trade Matrix: No
Unscheduled Report
Cairo [EG1], LE

Wheat

Production

Trade sources estimate annual wheat production at 60,000 tons. Local production is mainly concentrated in the Beqa' Valley. Planted area is estimated at 15,000 hectares, mostly rainfed. The Office of Cereals buys wheat from the local producers at 375,000 Lebanese pounds (L.L.), about USD 250 per MT assuming an average exchange rate of 1,500 L.L. per USD. This price is intended to be high enough to provide an incentive to farmers to plant wheat and close to the price paid to the farmers in Syria to prevent smuggling of wheat across the borders.

PSD Table

PSD Table						
Country:	Lebanon					
Commodity:	Wheat					
		2000		2001		2002
	Old	New	Old	New	Old	New
Market Year Begin		07/2000		07/2001		07/2002
Area Harvested	10	15	15	15	0	15
Beginning Stocks	0	60	30	90	40	70
Production	60	60	60	60	0	60
TOTAL Mkt. Yr. Imports	400	400	400	370	0	400
Jul-Jun Imports	400	400	400	370	0	400
Jul-Jun Import U.S.	190	190	170	142	0	150
TOTAL SUPPLY	460	520	490	520	40	530
TOTAL Mkt. Yr. Exports	0	0	0	0	0	0
Jul-Jun Exports	0	0	0	0	0	0
Feed Dom. Consumption	0	0	0	0	0	0
TOTAL Dom. Consumption	430	430	450	450	0	450
Ending Stocks	30	90	40	70	40	80
TOTAL DISTRIBUTION	460	520	490	520	40	530

Consumption

Lebanon requires roughly 450,000 MT of wheat per year. About 50,000 MT of wheat are used as crushed whole wheat for local recipes, some quantities are used for seeding. The rest goes to mills to grind into flour and bran. There are twelve mills in Lebanon with a total daily milling capacity of 4000 tons, triple the level of consumption needs. Thus, on average Lebanese mills work at a third of full capacity. Millers prefer a blend of 65 percent hard wheat and 35 percent soft wheat. The average extraction rate for Arabic bread production is 78 percent. At present, consumers have to pay a high price for bread because millers have to pay a commercial price for imported wheat and a higher price for wheat purchased from the Office of Cereals. The price of flour and bread is set at a level to provide modest profits, based on the cost of wheat, to millers and bakers. The government set a price of 375,000 LL (about $ 250) for buying wheat from the farmers and resells this wheat to the mills for about $ 300/MT - twice the international price. The Government sets a maximum price of flour sold to the bakeries at 460,000 L.L. (USD 307)/MT. The government also sets price for bread, currently 1000 L.L. (USD 0.67) per kilogram.

Trade

Millers indicate that the demand for wheat for milling has been fairly stable. However, imports dropped in 2001 by 10 percent as compared to 2000 due to the increase in local production. Official Lebanese trade data reported imports of 368,984 tons of wheat in CY 2001, of which 76 percent was hard wheat. The United States is the major supplier of wheat, exporting 141,775 MT in 2001, 61 percent of this quantity was hard red winter wheat. Other major suppliers of wheat are Australia and Germany. Importers are now permitted to import four MT for every MT of high priced wheat they buy from the Office of Cereals. The Office of Cereals used to import about 50,000 tons of wheat per year from the United States, but there is no need for the Office of Cereals to import wheat, since it gets all of its needs from local sellers. Customs duties on wheat imports were abolished in November 2000. Private sector wheat importers, once they have a license, may specify their wheat class and quality requirements according to their needs. Lebanese millers have often cooperated in joint shipments of 15,000 to 20,000 MT vessels. In CY 2001, the United States provided about 100,000 MT of wheat (mainly HRW wheat and some Dark Northern Spring wheat) under the 416b program, which was sold to the millers, with the proceeds used in assistance programs to private voluntary organizations. High quality flour is imported for specialty uses, such as French breads and pastries and buns for fast food outlets. Total flour imports during CY 2001 are reported at 15,176 MT of high quality flour, mainly from France and Germany. The United States supplied only 285 tons of this quantity. The policy of permitting the private sector to import high quality flour for certain industries is likely to continue, although some millers have considered upgrading so that they can make this type of flour locally. There are no customs duties on flour imports.

Stocks

The Office of Cereals seeks to maintain a national reserve sufficient for two months at the Beirut port silos that has 120,000 MT of capacity. Millers are allowed to rent storage space at the silos. Millers also have private storage at their mills, estimated to total nearly 100,000 MT of wheat storage capacity.

Marketing

It is likely that the Government will continue to fix the price of wheat for farmers and to continue to fix the price of flour and bread. However, imports are expected to remain in the private sector.

Corn

Except for sweet corn, corn production is also negligible. Trade sources estimate the local requirement at 300,000 - 350,000 tons of corn per year, mainly used as poultry feed - an industry which has been relatively stable in the past few years. There are three main importers of corn. Most poultry operations do their own feed compounding. There is also some consumption by dairy cattle which were imported recently. Official trade statistics reported imports of 298,410 MT in CY 2001, 73 percent came from the United States, 12 percent from Argentina and 12 percent from Brazil. Sometimes, imports are in mixed cargoes destined for neighboring countries (Egypt) as well as Lebanon. Customs duties on corn were eliminated in November 2000.

PSD Table

PSD Table						
Country:	Lebanon					
Commodity:	Corn					
		2000		2001		2002
	Old	New	Old	New	Old	New
Market Year Begin		10/2000		10/2001		10/2002
Area Harvested	2	0	2	0	2	0
Beginning Stocks	25	25	27	27	29	29
Production	2	2	2	2	2	2
TOTAL Mkt. Yr. Imports	300	300	300	300	300	300
Oct-Sep Imports	300	300	300	300	300	300
Oct-Sep Import U.S.	200	200	200	225	250	275
TOTAL SUPPLY	327	327	329	329	331	331
TOTAL Mkt. Yr. Exports	0	0	0	0	0	0
Oct-Sep Exports	0	0	0	0	0	0
Feed Dom. Consumption	300	300	300	300	300	300
TOTAL Dom. Consumption	300	300	300	300	300	300
Ending Stocks	27	27	29	29	31	31
TOTAL DISTRIBUTION	327	327	329	329	331	331

Barley

Barley production in Lebanon is negligible. Lebanese official statistics report imports of 73,078 MT in CY 2001 mainly from Iraq, Belorussia, Russia, and the Ukraine. Barley is used mainly for cattle and to a limited extent in poultry feed rations if it is cheap relative to corn. Customs duties on barley imports were abolished in November 2000.

Rice

Rice is not produced in Lebanon. According to Lebanese import statistics, Lebanon imported about 38,500 MT of milled rice valued at 13.3 million dollars in CY 2001. Italy was the major supplier (16,546 MT), followed by Egypt (12,223 MT), Thailand (3,510 MT), China (1,476 MT), Australia (535 MT), and the United States (1,518 MT). The balance came from Pakistan, Japan, India, and Spain. Lebanon also imported 7,281 MT of brown rice in CY 2001 for further milling mainly from Egypt, Thailand, and Pakistan.

Lebanon consumes medium grain rice, usually 0 to 3 percent broken - maximum 5 percent broken. Parboiled long grain rice, most of it originating from the United States in the past, now comes from Thailand, India, and Pakistan. There are small imports of basmati rice from India and Pakistan. Other white long grain rice has been tried but does not have much consumer demand. Customs duties on rice have been set at five percent. Due to lack of customs duties on rice imports from Egypt (under the Egyptian Lebanese Free Trade Agreement), and the acceptance of Egyptian rice by the average consumer, Egypt became the second largest supplier of rice, after Italy, having 35 percent of the market share in 2001 as compared to 19 percent in 2000.